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**American Home Assurance Company****Boston Regional Office****99 High Street****Boston, Ma 02110**

December 14, 1999

Mike Christian  
 Risk Strategies Company  
 79 Milk Street, Suite 800  
 Boston, Ma 02109

Post-It® brand fax transmittal memo 7571

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To	Mike Christian	From	J. W. [Signature]
Co.	Risk Strategies	Co.	AIG
Dept.		Phone #	
Fax #	350 6444	Fax #	457 6867

Re: Integrated Health Services, Inc.  
 Umbrella  
 Renewal of: 357 4343

Dear Mike:

In confirmation, National Union is quoting the following:

Policy Period: January 1, 2000 to January 1, 2001  
 Carrier: National Union Best Rating A++ XL  
 Limits of Liability: \$25,000,000 each occurrence  
 \$25,000,000 general aggregate  
 \$25,000,000 products/completed operations aggregate

**Required Underlying Retentions:**

General Liability: 1m/5m/5m  
 Professional Liability: 2m/12m/12m  
 Auto Liability: 2 mil cad  
 Employers Liability: 1m/1m/1m

**Premium Determination****Option #1****2 Year Annual Installments**1<sup>st</sup> year - \$985,0002<sup>nd</sup> year - \$1,150,000

Minimum Premium - \$2,115,000

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Option #2

2 Year Pre-paid - \$1,850,000

Minimum Premium - \$1,850,000

Premium Payment due within 30 days

Commission: Net

Subject to: Annual installment policy premium contingent upon:

- 1) No estimated loss penetration during first year of policy
- 2) No increase in beds above 20% of current level
- 3) No change in core operations
- 4) This policy will be subject to a quarterly claims review conducted by AIG personnel to determine that claims are being handled in accordance with generally accepted claim handling guidelines.

Form, terms and conditions to be adapted from expiring.

If non-admitted paper needed, surplus lines tax will apply.

Allocated loss expense is outside of limit.

Should you have any questions, please do not hesitate to contact me at (617)457-2930.

Sincerely,



Jeffrey C. Moser  
Director National Accounts

NU-U/W 01151

GSMC 001146